

Message Text

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PAGE 01 STATE 118616

72

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DRAFTED BY EUR/EE:EHURWITZ/FDR

APPROVED BY EUR/EE:RHOUSTON

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P 102203Z JUN 74

FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 118616

FOLLOWING REPEAT STATE 118616 ACTION PRAGUE 5 JUNE 1974. QUOTE:

C O N F I D E N T I A L STATE 118616

E.O. 11652: GDS

TAGS: EFIN, CZ, US

SUBJ : FINANCIAL NEGOTIATIONS

REF: PRAGUE 364

1. CLAIMS PAYMENT: YOU SHOULD INFORM CZECHS THAT WE WOULD BE WILLING TO ACCEPT CLAIMS PAYMENT OF \$20.75 MILLION. IF CZECHS REJECT THIS AND REFUSE TO BUDGE, EMBASSY IS AUTHORIZED TO ASK FOR \$20.5 MILLION AS ROCK-BOTTOM FIGURE. THIS SUM, TOGETHER WITH \$9 MILLION RECEIVED FROM STEEL MILL SHOULD GIVE US AT LEAST 40 PERCENT OF ADJUDICATED AND UNADJUDICATED CLAIMS.

2. PAYMENT SCHEDULE: YOU SHOULD REITERATE OUR DEMAND FOR A DOWN PAYMENT ON CLAIMS OF \$4 MILLION TO BE PAID AT TIME AGREEMENT GOES INTO EFFECT. YOU SHOULD ALSO REITERATE OUR PROPOSAL THAT THE REMAINING AMOUNT BE PAID IN TEN YEARS, AND ATTACH TRADE ACCELERATOR CLAUSE, KEYED TO 4 (FOUR) PERCENT OF CZECH EXPORTS TO US. IF CZECHS REJECT THIS AND ARE ADAMANT YOU CAN PROPOSE A 12-YEAR PAYMENT PERIOD WITH A 4 PERCENT ACCELERATOR. (FYI: THIS LAST PROPOSAL WOULD STILL RESULT IN TOTAL PAYMENT IN A TEN-YEAR PERIOD OR LESS, GIVEN CURRENTLY GROWING CZECH EXPORTS TO US.)

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3. ENTRY INTO EFFECT OF SETTLEMENT: YOU MAY TELL CZECHS

THAT WE AGREE TO HAVE SETTLEMENT ENTER INTO EFFECT ON
DELIVERY OF GOLD WITH SIMULTANEOUS PAYMENTS BY CZECHS OF
\$4 MILLION ON CLAIMS AND ON INITIAL AMOUNTS DUE ON SURPLUS
PROPERTY DEBT.

UNQUOTE SISCO

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